

ANNUAL REPORT 1975 — INDEX

INDEX


The President's Report to the Shareholders	(1)
Directors Information	(2)
Directors	(3)
Five-Year Comparison Figures	(4)
Auditors' Report	(5)
Consolidated Balance Sheet — Assets	(6)
Consolidated Balance Sheet — Liabilities	(7)
Consolidated Statement of Retained Earnings	(8)
Consolidated Statement of Income	(9)
Consolidated Statement of Changes in Financial Position	(10)
Notes to Consolidated Financial Statements	(11)
Notes to Consolidated Financial Statements	(12)
Notes to Consolidated Financial Statements	(13)

THE PRESIDENT'S REPORT TO THE SHAREHOLDERS

The inflationary pressures of 1975 were reflected more in the company's expenses than in the company's prices. While sales increased by \$6 million the net profits of the company were driven to an unacceptable low of \$385,000. The company's contribution to anti-inflation cannot be maintained at a level that does not yield a minimum moderate return on the company's investment. The full resources of the company shall be devoted in 1976 to obtaining that minimum preferably by the elimination or reduction of losses in those few company stores that have failed to contribute positively to the profits of the company after a reasonable effort has been made. The right to protect the company's interest by eliminating a losing store has regrettably been affected by an order made by the British Columbia Labour Relations Board respecting the company store at Kamloops. This store had lost money since 1971 and its losses totalled \$46,640 for the first 8 months of 1975. This store was closed for that reason and that reason alone. With the permanent closing both the company and the Union negotiating a labour contract for the store employees recognized that the permanent closing of this store rendered any further collective bargaining futile. This order, in the face of evidence exclusively to the contrary, has held that the closing of the store constituted an unlawful lockout and that the mutual cessation of collective bargaining constituted a failure to bargain in good faith on the part of the company. This order is the ultimate exercise of the absolute and exclusive power purported to have been given to that Labour Board by the previous Legislature in British Columbia. This power includes the unreviewable right to determine what its own jurisdiction is and to inflict sanctions and to cast reflections on the good name of the company without any limit or restraint. This order regrettably makes it necessary for the company to have the courts determine whether the laws of Canada permit the vital and basic business decisions of a federal company to be subjected to the arbitrary and unsupported exercise of those absolute and unlimited powers by a provincial Board.

This legal issue must remain a side issue to the main drive of the company to achieve minimum moderate profits in 1976.

Yours faithfully,



Blare Lefkovic

PRESIDENT

DIRECTORS INFORMATION

CLARE C. LECKIE, Chairman of the Board;
President and General Manager,
Robinson, Little & Company, Limited,
Winnipeg, Manitoba.

E. J. R. WRIGHT, B.A., Q.C., Vice-President,
Robinson, Little & Company, Limited;
Senior Partner of the Law Firm of
Wright & Associates, London, Ontario.

A. H. WATSON, LL.D.
Retired Banker, Saskatoon, Saskatchewan.

F. C. ADAMS, President,
Charlton Consultants, London, Ontario.

D. J. REIMER, Vice-President and Treasurer,
Reimer Express Lines Ltd.,
Winnipeg, Manitoba.

J. T. McJANNET, B.A., Q.C.
Partner in Law Firm of Pitblado & Hoskin,
Director, Winnipeg Supply &
Fuel Company Limited, Winnipeg, Manitoba.

W. C. WEIR, President
Walter C. Weir Financial Planning &
Insurance Ltd., Minnedosa, Manitoba.

DIRECTORS



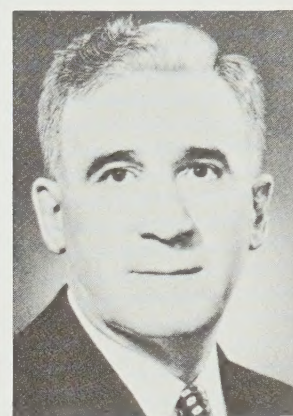
CLARE C. LECKIE



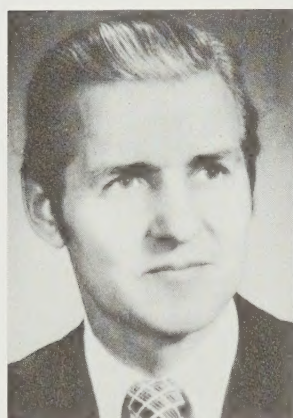
E. J. R. WRIGHT



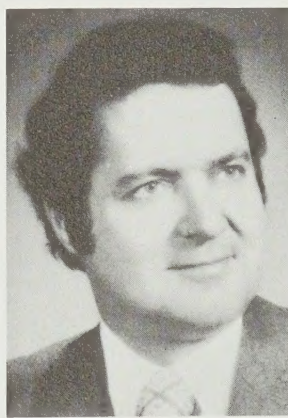
F. C. ADAMS



A. H. WATSON



D. J. REIMER



J. T. McJANNET



W. C. WEIR

Robinson Little & Company Limited

AND SUBSIDIARY COMPANY

	1975	1974	1973	1972	1971
Sales	\$39,130,070	\$33,225,000	\$25,673,000	\$23,956,000	\$19,997,000
Dividends Paid on Class 'A' Shares10	.10	.10	.10	.10
Earnings per Common Share after Class 'A' Dividends	*.32	*.70	*.37	.37	.80
Dividends paid on Common Shares12	.12	.12	.11	.10
Fully Diluted Earnings per Share	*.28	*.62	*.33	.33	.58

Earnings per share and dividends have been re-stated for the year 1971 to reflect the subdivision of all shares on a 10 for 1 basis, which became effective May 8, 1972.

*372,000 additional Common Shares were issued January 15, 1973.

HEAD OFFICE	—	1093 Sherwin Road, Winnipeg, Manitoba. R3H 0T9	
TRANSFER AGENT	—	The Royal Trust Company —	Winnipeg, Manitoba. Regina, Saskatchewan. Toronto, Ontario. Calgary, Alberta. Montreal, Quebec. Vancouver, B.C.
AUDITORS	—	Thorne Riddell & Company, Chartered Accountants.	
BANKERS	—	The Toronto Dominion Bank.	
ANNUAL MEETING	—	Meeting Friday, 23rd of April, 1976, at 11:00 A.M. at the Company's Head Office.	

OFFICERS

CLARE C. LECKIE	—	Chairman of the Board, President and General Manager.
E. J. R. WRIGHT	—	Vice-President.
B. B. LECKIE	—	Secretary.
J. H. LECKIE	—	Treasurer.

AUDITORS' REPORT

To The Shareholders
Robinson, Little & Company, Limited

We have examined the consolidated balance sheet of Robinson, Little & Company, Limited and its subsidiary as at December 31, 1975 and the consolidated statements of income, retained earnings and changes in financial position for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1975 and the results of their operations and the changes in their financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Thorne
Riddell
& Co.

CHARTERED ACCOUNTANTS

March 15, 1976
Winnipeg, Canada

**CONSOLIDATED BALANCE SHEET
AS AT DECEMBER 31, 1975**

ASSETS

Current Assets

	1975	1974
Cash	\$ 867,923	\$ 685,564
Accounts receivable	1,734,432	1,909,106
Inventories	11,964,834	10,863,846
Prepaid expenses	51,885	34,432
	<u>14,619,074</u>	<u>13,492,948</u>

Fixed Assets (Note 2)

Land, buildings and equipment	1,564,446	1,329,117
Less accumulated depreciation	<u>963,564</u>	<u>608,015</u>
	<u>600,882</u>	<u>721,102</u>

**Deferred Charges, at cost less amounts
amortized. Management contract**

	1,177,664	1,251,268
Debenture issue costs	<u>84,845</u>	<u>91,822</u>
	<u>1,262,509</u>	<u>1,343,090</u>
	<u>\$16,482,465</u>	<u>\$15,557,140</u>

Approved by the Board

CLARE C. LECKIE, Director

E. J. R. WRIGHT, Director

Robinson Little & Company Limited

AND SUBSIDIARY COMPANY

(Incorporated Under the Laws of Canada and Subsidiary Company)

LIABILITIES

Current Liabilities

	1975	1974
Bank indebtedness (Note 3)	\$ 950,000	\$ 1,500,000
Accounts payable and accrued liabilities	7,026,663	5,062,914
Income and other taxes	638,742	1,156,779
Current maturities on long-term debt	100,000	109,000
	<u>8,715,405</u>	<u>7,828,693</u>

Long-Term Debt (Note 4)	1,696,500	1,870,000
-------------------------------	-----------	-----------

Deferred Income Taxes	23,587	46,418
-----------------------------	--------	--------

SHAREHOLDERS' EQUITY

Capital Stock (Note 5)	2,484,832	2,484,832
------------------------------	-----------	-----------

Retained Earnings	3,562,141	3,327,197
-------------------------	-----------	-----------

	<u>6,046,973</u>	<u>5,812,029</u>
	<u>\$16,482,465</u>	<u>\$15,557,140</u>

Lease Commitments (Note 6)

**CONSOLIDATED STATEMENT OF RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 1975**

	1975	1974
Balance at Beginning of Year	\$3,327,197	\$2,606,675
Excess of book value over cost of shares of subsidiary	—	21,744
Net income	385,131	848,940
	<u>3,712,328</u>	<u>3,477,359</u>
 Dividends declared		
Class A	6,265	6,390
Common	143,922	143,772
	<u>150,187</u>	<u>150,162</u>
Balance at End of Year	<u>\$3,562,141</u>	<u>\$3,327,197</u>

Robinson Little & Company Limited
AND SUBSIDIARY COMPANY

CONSOLIDATED STATEMENT OF INCOME
YEAR ENDED DECEMBER 31, 1975

	1975	1974
Net Sales	<u>\$39,130,070</u>	<u>\$33,224,561</u>
Net Income on Operations , for the year, before deducting the undernoted items	<u>\$ 1,375,421</u>	<u>\$ 2,581,602</u>
Deduct		
Depreciation and amortization	144,544	157,918
Contribution to employees' retirement plan	122,064	268,611
Amortization of management contract	73,604	73,604
Amortization of debenture issue costs	6,977	6,977
Interest on long-term debt	173,781	189,726
	<u>520,970</u>	<u>696,836</u>
Income before income taxes	<u>854,451</u>	<u>1,884,766</u>
Income Taxes		
Current	492,151	1,031,238
Deferred (reduction)	(22,831)	4,588
	<u>469,320</u>	<u>1,035,826</u>
Net Income	<u>\$ 385,131</u>	<u>\$ 848,940</u>
Earnings per share	<u>\$.32</u>	<u>\$.70</u>
Fully diluted earnings per share	<u>\$.28</u>	<u>\$.62</u>

**CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL
POSITION FOR THE YEAR ENDED DECEMBER 31, 1975**

Working Capital Derived from	1975	1974
Operations	\$ 576,133	1,054,535
Proceeds from disposal of fixed assets	70,502	287,423
	<u>646,635</u>	<u>1,341,958</u>
Working Capital Applied to		
Purchase of fixed assets	79,357	206,051
Purchase of leasehold improvements	4,177	—
Reduction of long-term debt	173,500	140,000
Dividends	150,187	150,162
	<u>407,221</u>	<u>496,213</u>
Increase in Working Capital	239,414	845,745
Working capital at beginning of year	5,664,255	4,818,510
Working Capital at End of Year	<u>\$5,903,669</u>	<u>\$5,664,255</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 1975

1. Accounting Policies

(a) Principles of consolidation

The financial statements of the company have been consolidated with those of its wholly-owned subsidiary, The Brock Company (Western) Limited. Inter-company transactions have been eliminated for consolidation purposes.

(b) Inventories

The company values inventories at the lower of cost and net realizable value.

(c) Fixed assets

All fixed assets are stated at cost. Depreciation is provided annually on the diminishing balance basis as follows:

Retail store buildings	
Brick	5%
Frame	10%
Equipment	20%
Automobiles	
Cost, less salvage value	30%

When fixed assets are disposed of, the cost of the asset and the related accumulated depreciation are removed from the accounts and the resulting gain or loss on disposal is included in income.

Leasehold improvements are amortized over the remaining term of the leases, plus one renewal option period on a straight-line basis.

(d) Deferred charges

The management contract is amortized on the straight-line basis over a period of 20 years ending in 1991.

Debenture issue costs are amortized on the straight-line basis over a period of 15 years ending in 1988.

(e) Income taxes

Deferred income taxes arise from claiming depreciation and other items for tax purposes in amounts differing from amounts recorded in the accounts.

2. Fixed Assets

	1975			1974
	Cost	Accumulated depreciation	Net	Net
Land	\$ 28,199	\$	\$ 28,199	\$ 23,306
Buildings	113,627	79,414	34,213	50,520
Equipment	1,320,153	861,999	458,154	563,004
Automobiles	67,987	22,151	45,836	45,011
Leasehold improvements less amortization	34,480		34,480	39,261
	<u>\$1,564,446</u>	<u>\$ 963,564</u>	<u>\$ 600,882</u>	<u>\$ 721,102</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1975 (Continued)

3. Bank Indebtedness

The bank indebtedness is secured by a general assignment of book debts and by a debenture giving the bank a floating charge on the assets of the company.

4. Long-Term Debt

	1975	1974
9% Note payable in minimum annual instalments of \$100,000	\$ 400,000	\$ 500,000
9% Debenture payable, due January 15, 1988	1,396,500	1,479,000
	<u>1,796,500</u>	<u>1,979,000</u>
Less principal included in current liabilities	100,000	109,000
	<u>\$1,696,500</u>	<u>\$1,870,000</u>

The company will provide a Sinking Fund sufficient to retire \$40,000 of Series A Debentures on July 15 in each of the years 1976 to 1979 and \$140,000 on July 15 in each of the years 1980 to 1987. Such payments together with a payment of \$190,000 at maturity date will provide for the retirement of all Series A Debentures. The company has provided \$57,000 in advance of its Sinking Fund requirements.

5. Capital Stock

	1975	1974
Authorized		
61,350 Class A shares of no par value		
2,550,000 Common shares of no par value		
2,000,000 6% Voting, non-cumulative deferred shares, at par value of 10c each		
Issued		
61,350 Class A shares (63,925 shares in 1974)	\$2,284,832	\$2,284,832
1,200,650 Common shares (1,198,075 shares in 1974)		
2,000,000 Deferred shares	200,000	200,000
	<u>\$2,484,832</u>	<u>\$2,484,832</u>

6. Lease Commitments

The total rental paid for the year ended December 31, 1975, under leases for furniture and fixtures, store and warehouse facilities was as follows:

	Total rental expense	Dealers' obligation	Net rental expense
Furniture and fixtures, store and warehouse facilities	\$1,930,381	\$ 186,039	\$1,744,342

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1975 (Continued)

6. Lease Commitments (continued)

The minimum annual rental commitments under executed leases for furniture and fixtures, store and warehouse facilities (exclusive of occupancy charges and additional rental payable based on a percentage of gross sales) and the annual rental to be paid by dealers for store locations in the next five years are as follows:

	Total rental obligation	Dealers' obligation	Net minimum rental
1976	\$1,813,280	\$ 158,619	\$1,654,661
1977	1,585,262	148,891	1,436,371
1978	1,340,733	132,161	1,208,572
1979	1,197,403	109,286	1,088,117
1980	1,001,556	91,536	910,020

These agreements have options to renew for further periods from five to fifteen years.

7. Statutory Information

	1975	1974
Number of directors	11	11
Directors' remuneration as directors	\$ 5,400	\$ 5,850
Number of officers	4	4
Officers' remuneration as officers	\$ 156,975	\$ 130,720
Number of officers who are also directors	3	4

8. Anti-Inflation Act

The company is subject to the Anti-Inflation Act which provides, from October 14, 1975, for the restraints of profit margins, prices, dividends and compensation in Canada. In the opinion of management, the provisions of this Act have no significant effect on the company's earnings nor on the declaration of dividends for the year ended December 31, 1975.

9. Subsequent Event

The company has been informed that the Labour Relations Board of B.C. held on March 15, 1976, that the closing of the company store in Kamloops, B.C., constituted an unlawful lockout and has indicated that it will order reinstatement of employees with pay since termination of their employment at the store and reimbursement of the union for monies expended. A further hearing is to be held to define the actual terms of the order to be given. The sums involved in such an order have not yet been quantified.

The company will ask for a judicial review of the legality and propriety of this order.

